



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 9/24/2004

GAIN Report Number: CA4069

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 33 2004

Approved by:

Gary C. Groves
U.S. Embassy

Prepared by:

George Myles, Marilyn Bailey

Report Highlights:

Agricultural Think-Tank Next In Line To Rebuff U.S. Pork Producers Trade Stance * Canada To Speed Up BSE Testing * Ontario Corn Yields Keep Getting Higher * No Low Carbohydrate Claims Permitted In New Nutrition Label Regulations * Interest In Ethnic Foods On The Rise In Canada * Revised Exporter Guide Coming Soon.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

AGRICULTURAL THINK-TANK NEXT IN LINE TO REBUFF U.S. PORK PRODUCERS TRADE

STANCE: A week after the Canadian Pork Council issued a press release rebuffing the comments of the National Pork Producers Council (NPPC) concerning live hog imports from Canada (see CA4067), the George Morris Center, an independent agricultural think tank has sharply criticized the NPPC for its stance and called it "the R-CALF of the hog industry". The development follows the August 17, 2004 preliminary ruling by the United States Department of Commerce that Canada's subsidies for its hog industry are too small to justify the imposition of U.S. tariffs on hogs coming from Canada (the department's preliminary determination in the anti-dumping phase of the investigation is scheduled to be announced on October 15, 2004). The George Morris Center claims the NPPC has abandon its reputation for taking principled, well reasoned approaches to (trade) issues. For a full copy of the text, go to the George Morris webpage at: www.georgemorris.org

CANADA TO SPEED UP BSE TESTING: The Canadian Food Inspection Agency (CFIA) has launched an education campaign to encourage cattle producers to report high-risk cattle and target them for bovine spongiform encephalopathy (BSE) testing. The CFIA is also budgeting C\$4.1 million between now and December 2005 for a financial reimbursement program to accelerate the flow of animals into the surveillance program. The financial assistance is intended to offset producers' costs related to veterinary examination and carcass disposal when these activities result in the collection of an eligible brain sample. Under the plan, deadstock collectors, renderers and veterinarians can also enter into agreements with the CFIA for reimbursement of certain associated costs. This year, Canada plans to test 8,000 cattle for BSE. Next year, testing levels will increase to at least 30,000 cattle annually. The national surveillance program is designed to estimate the prevalence of BSE in Canada, an important factor in trade negotiations, and to gauge the effectiveness of Canada's measures to prevent the spread of BSE. So far in 2004, Canada has tested 5,697 animals, all with negative result for BSE.

ONTARIO CORN YIELDS KEEP GETTING HIGHER: Continued warm dry weather across most of Ontario during the past two weeks has improved provincial corn yields. Observers say the warm night temperatures have been especially conducive to the filling of the ears. Last week, Agriculture and Agri-Food Canada raised its Canadian corn production estimate to 8.4 million tons for 2004, up more than 2% from its August estimate, and speculation is that the estimate will be raised again given the recent warm spell across Ontario and Quebec. Total corn production in Canada last year was 9.6 million tons.

NO LOW CARBOHYDRATE CLAIMS PERMITTED IN NEW NUTRITION LABEL REGULATIONS:

Due to increased interest in low carbohydrate foods, the CFIA has issued an information letter to remind the food industry, including importers, of the differences in nutrient content claims between the former regulations and Canada's new nutrition labeling regulations. On January 1, 2003, amendments to the *Food and Drug Regulations (FDR)* were published making nutrition labeling mandatory on most prepackaged foods. Industry has until December 12, 2005 to bring their food labels and advertisements into compliance with these new requirements. Smaller companies (with food sales in Canada of less than C\$1 million, have until December 12, 2007 to bring their labels into compliance). However, during the transition period, food labels may comply with either the former *Regulations* or the new *Regulations*, but may not use a combination of the two systems. While the level of "carbs" can be expressed in the "new" nutrition box accompanying the new regulations, the new Regulations restrict the list of nutrient content claims that may be made on foods. Carbohydrate claims, including "low carbohydrate", "reduced carbohydrates", "source of carbohydrates" are not included in the new regulations and are therefore not permitted. A spokesperson from Health Canada said there is no reason from a nutrient point of view to be concerned with the amount of carbs in the diet. Therefore, carbohydrate claims were ruled off limits for future food and drink labels in Canada.

INTEREST IN ETHNIC FOODS ON THE RISE IN CANADA: U.S. exporters of ethnic foods can take note that recent surveys show that ethnic dining in Canada is up 10 percent in the past year. According to a market analyst with AAFC, the newest ethnic food trends can be identified by watching the restaurant trade as food trends usually start in the restaurant industry and then filter down to the retail market. Indian food and Greek food, which comprise only 4% and 7% of ethnic dining, have reportedly each grown by more than 20 percent. Japanese food (11 percent of the total market) is up 17 percent. More traditional ethnic foods like Chinese/Oriental (57 percent of the total market – up six percent), and Mexican (11 percent of the total – up just two percent) are rising slower. Middle Eastern cuisine is hot, says NPD Group Canada (foodservice consultants), but separate statistics aren't currently kept on this segment. Source: Based on an article in Foodservice & Hospitality Magazine, September 2004.

REVISED EXPORTER GUIDE COMING SOON: What's hot in the Canadian retail grocery market? What are some of the trends in retail grocery sales that U.S. exporters can capitalize on? Watch for FAS Ottawa's revised edition of the *Exporter Guide*, a practical guide to help U.S. food and agricultural exporters do business in Canada. The report is scheduled to be available early next month. This year's edition includes a road map for market entry. Canada is the No. 1 market for U.S. agricultural exports. In FY2003, U.S. agricultural exports to Canada reached a record \$9.1 billion, accounting for 16% of total U.S. food and agricultural product exports of \$56.2 billion. Consumer-oriented agricultural products accounted for 70 percent of total U.S. food and agricultural product sales to Canada in FY2003, with fresh and processed fruits and vegetables, snack foods, and red meat products as the category leaders. American products account for almost two-thirds of total Canadian agricultural imports.

Find FAS on the World Wide Web:

Visit our headquarters' home page at <http://www.fas.usda.gov> for a complete listing of FAS' worldwide agricultural reporting.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA4067	This Week in Canadian Agriculture, Issue 32	9/17/2004
CA4065	Deciduous Fruit Annual	9/13/2004
CA4064	This Week in Canadian Agriculture, Issue 31	9/10/2004
CA4063	Livestock Annual	9/1/2004
CA4062	Canada Connect Matchmaker Program	9/1/2004
CA4061	This Week in Canadian Agriculture, Issue 30	9/3/2004
CA4063	Livestock Annual	9/1/2004
CA4062	Canada Connect Matchmaker Program	9/1/2004

VISIT OUR WEBSITE: The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto <http://www.usembassycanada.gov>; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: agottawa@usda.gov